



RULE-MAKING ORDER

(RCW 34.05.360)

CR-103 (7/22/01)

Agency: Office of the Insurance Commissioner

- ☒ Permanent Rule
☐ Emergency Rule
☐ Expedited Rule Making

(1) Date of adoption: December 28, 2001

(2) Purpose: Continuation of a rate filing exemption for certain property casualty products.

R 2001-09

(3) Citation of existing rules affected by this order:

Repealed:
Amended: WAC 284-24-120
Suspended:

(4) Statutory authority for adoption: 48.02.060, 48.18.100, 48.19.080

Other Authority:

PERMANENT RULE ONLY (Including Expedited Rule Making)

Adopted under notice filed as WSR 01-23-075 on 11/20/01 (date).
Describe any changes other than editing from proposed to adopted version: None

EMERGENCY RULE ONLY

Under RCW 34.05.350 the agency for good cause finds:

- ☐ (a) That immediate adoption, amendment, or repeal of a rule is necessary for the preservation of the public health, safety, or general welfare, and that observing the time requirements of notice and opportunity to comment upon adoption of a permanent rule would be contrary to the public interest.
- ☐ (b) That state or federal law or federal rule or a federal deadline for state receipt of federal funds requires immediate adoption of a rule.

Reasons for this finding:

(5.3) Any other findings required by other provisions of law as precondition to adoption or effectiveness of rule?:

X Yes ☐ No If Yes, explain: The amended rule contains a "sunset clause." A rate filing exemption was to expire 12/31/01. The accelerated effective date is necessary to continue the existing rule. This continuation will avoid the considerable confusion resulting from the expiration of an existing rate filing exemption, the default to a different system, and then the renewal of the expired exemption within weeks. The rule will avoid significant and unnecessary expense for industry by allowing the continuation of existing practices. The accelerated effective date will ensure that these commercial products will continue to be available without interruption to the purchasers in Washington.

(6) Effective date of rule:

Permanent Rules

- ☐ 31 days after filing
X Other (specify) 12/31/01*

Emergency Rules

- ☐ Immediately
☐ Later (specify) _____

*(If less than 31 days after filing, specific finding in 5.3 under RCW 34.05.380(3) is required)

CODE REVISER USE ONLY

Name (Type or Print)

Mike Kreidler

Signature

Title

Insurance Commissioner

Date

12/28/01

(COMPLETE REVERSE SIDE)

**Note: If any category is left blank, it will be calculated as zero.
No descriptive text.**

Count by whole WAC sections only, from the WAC number through the history note.
A section may be counted in more than one category.

The number of sections adopted in order to comply with:

Federal statute:	New	_____	Amended	_____	Repealed	_____
Federal rules or standards:	New	_____	Amended	_____	Repealed	_____
Recently enacted state statutes:	New	_____	Amended	_____	Repealed	_____

The number of sections adopted at the request of a nongovernmental entity:

New	_____	Amended	_____	Repealed	_____
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The number of sections adopted in the agency's own initiative:

New	_____	Amended	<u>1</u>	Repealed	_____
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The number of sections adopted in order to clarify, streamline, or reform agency procedures:

New	_____	Amended	<u>1</u>	Repealed	_____
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The number of sections adopted using:

Negotiated rule making:	New	_____	Amended	_____	Repealed	_____
Pilot rule making:	New	_____	Amended	_____	Repealed	_____
Other alternative rule making:	New	_____	Amended	_____	Repealed	_____

WAC 284-24-120 Suspension of rate filing requirements--Large commercial accounts.

(1) Under RCW 48.19.080, the rate filing requirements in chapter 48.19 RCW are suspended with respect to large commercial property casualty accounts.

(2) For purposes of this section, "large commercial property casualty account" means insurance coverage that:

(a) Pertains to a business, nonprofit organization, or public entity;

(b) Involves the lines of property and casualty insurance defined in RCW 48.11.040, 48.11.050, 48.11.060, 48.11.070, and/or 48.11.080; and

(c) Has an estimated annual collected premium of \$25,000 or more, excluding workers compensation insurance issued by the department of labor and industries and types of insurance listed in subsection (6) of this section.

(3) Before an insurer issues coverage in reliance on this section, the insurer or its agent shall notify the insured in writing that the rates have not been and will not be filed for the commissioner's approval.

(4) Property rates used on large commercial property casualty accounts will not be audited by the Washington Insurance Examining Bureau under WAC 284-20-006.

(5) The commissioner retains the right and ability to examine the rates used on large commercial property casualty accounts to ascertain whether they meet the requirements of RCW 48.19.020 and other statutes. The insurer shall maintain records supporting the rating and premium determination of each policy issued in reliance on this section. These records shall be retained by the insurer for a minimum of three years and made available at all reasonable times for the commissioner's examination.

(6) Subsection (1) of this section does not apply to:

(a) Professional liability insurance, including medical malpractice insurance;

(b) Directors' and officers' liability insurance purchased by individuals;

(c) Motor vehicle service contract reimbursement insurance, as defined in RCW 48.96.010(4); and

(d) Master policies under which certificates of coverage are issued to individual consumers, households, businesses, or other organizations.

(7) If this subsection is not amended, the provisions of this section shall expire on December 31, ((2001)) 2003.